

**NORTH LINCOLN FIRE & RESCUE
DISTRICT #1
LINCOLN COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Alan Lee	President	June 30, 2023
Jamie Wright	Vice President	June 30, 2021
Ron Woodard	Secretary/Treasurer	June 30, 2023
Danny Curler	Director	June 30, 2021
Tim Beatty	Director	June 30, 2023

All directors receive their mail at the address listed below

REGISTERED AGENT

Robert Dahlman, District Fire Chief
PO Box 200
Lincoln City, Oregon 97367

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

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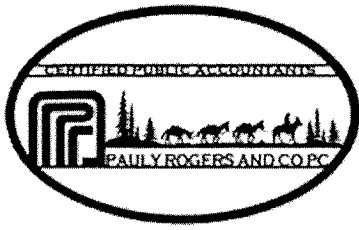
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PAULY, ROGERS, AND Co., P.C.
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December 7, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Lincoln Fire & Rescue District #1
Lincoln City, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of North Lincoln Fire & Rescue District #1 (the District) as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

As discussed in Note 1 to the basic financial statements, the District does not have complete capital asset and depreciation records and, accordingly, has not recorded the full amount of depreciation expense. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position and expenses of the governmental activities. The amount by which the departure would affect the assets, net position and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of not having complete capital asset and depreciation records as described in the basis for opinion qualification section above, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Lincoln Fire & Rescue District #1, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of net pension liability and contributions for PERS or RHIA, the schedule of changes in Total Health Insurance OPEB liability and related ratios, or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 7, 2021 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized "R" at the beginning.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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Management's Discussion and Analysis (MD&A) (FYE 06/30/21)

The intent of the Management's Discussion and Analysis is to provide highlights of the North Lincoln Fire & Rescue District's financial activities for the fiscal year ending June 30, 2021. Readers are encouraged to read this narrative overview in conjunction with the accompanying financial statements.

North Lincoln Fire & Rescue District #1 is a Rural Fire Protection District formed under Oregon Revised Statutes Chapter 478. The District provides fire and rescue service to Lincoln County along Highway 101 from Cascade Head south to the Siletz River, eastward along Highway 18 through the Van Duzer Corridor, and along the Siletz River Highway #229 to milepost 8.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) specific fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The governmental activities of the District include general government and public safety and are principally supported by property taxes and charges for services. These statements are not segregated by funds or departments, but instead combine all activity and include some revenues and expenditures that will be collected or paid in the future. The individual fund statements do not include these future transactions.

Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, liabilities, deferred inflows and net position combined. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. On June 30, 2021, the District's net position consisted of restricted and unrestricted assets.

Statement of Activities

The Statement of Activities presents information showing how the District's revenues and expenditures changed the net assets during the fiscal year. All changes are reported as soon as the event occurs, regardless of whether received or paid currently or in the future. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future years (e.g., uncollected taxes and earned but unused vacation leave) and will differ from the individual fund financial statements as presented later in the audit report.

Fund Financial Statements

Balance Sheet – Governmental Funds

The Balance Sheet – Governmental Funds presents information on the District's assets and liabilities, without including capital assets and related debt and segregated by fund activity. This can be a useful indicator of whether the District's operational position is improving or deteriorating.

Reconciliation Statements

Reconciliation statements are presented to illustrate the details of differences of accounting focus between the Government-Wide Net Position presentation and the Fund Balance presentation. Expenditures and Changes in Fund Balances are reconciled to the government-wide Statement of Net Position and Statements of Activities. Both presentation styles give information about the District's financial health and can give useful information to evaluate the financial changes that occurred during the year.

Statement of Revenues, Expenditures & Changes in Fund Balance – Governmental Funds – by Specific Fund

These are segregated by the three funds or departments the District uses to classify its activities to illustrate how each fund contributed to the whole.

Notes to Basic Financial Statements

The notes to the financial statements provide additional information designed to assist the reader in developing a full understanding of the financial data provided in the financial statements.

Fund Reporting

The segregated fund financial statements provide more detailed information about the District's operations by fund, focusing on its most significant or "major" funds.

A fund is a grouping of related revenues and expenditures that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

These funds are used to account for essentially the same functions reported as in the government-wide financial statements but report each fund separately. All of the funds of the District are governmental funds.

Unlike the government-wide financial statements, segregated fund financial statements focus on near-term inflows, outflows, and balances of spendable resources available at the end of the fiscal year; they do not include revenues and expenditures that will be collected or paid in the future.

Because the focus of each fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented by both sets of statements. By doing so, readers may better understand the long-term impacts of the government's near-term financing decisions. Such information may be useful in evaluating a government's near-term financing requirements.

The District maintains three individual funds:

1. **General Fund** – used for most of the District's operations. Specific areas of focus were:
 - Maintain existing emergency services response levels and expectations
 - Maintain existing building facilities, apparatus, and equipment
 - Provide responders with required personal protection equipment
 - Volunteer support and duty shift program
 - Provide responders with fire, rescue, and medical response equipment
2. **Debt Service Fund** – used to collect taxes to be used to retire debt on buildings and equipment
3. **Capital Projects Fund** – funds set aside to remodel stations and purchase capital equipment

Financial Highlights & Analysis

- Total Cash & Investments of the District were \$6,238,014 as of June 30, 2021. This consists of:

Cash in Checking Accounts	\$382,024
Local Government Investment Pool – Four accounts combined	\$5,855,790
Petty Cash	\$200

- Stated capital assets of North Lincoln Fire & Rescue District #1 are recorded as \$10,357,651 net of depreciation. Capital assets are the District's buildings, apparatus, equipment, and land. The District has six stations plus a training tower located at Station-16:
 - Station-12, Rose Lodge
 - Station-13, Otis
 - Station-14, Oceanlake
 - Station-15, DeLake
 - Station-16, Taft
 - Station-17, Kernville
- Major apparatus categories include fire engines, service vehicles, rescue vehicles, water rescue apparatus, and related equipment.

- The District did not adjust for fixed assets on the financial statements prior to June 30, 2004; therefore, figures for June 30, 2003 are not available. The values presented are the actual cost of assets identified to date. See Note I – Comment F.

Long Term Debt

At the end of the current fiscal year, North Lincoln Fire & Rescue District had debt outstanding of \$9,286,346 consisting of general obligation bonds payable from property tax revenue. The portion of this debt that is payable within the next fiscal year is classified as current principal debt of \$656,346, not including interest (see page 31). The portion of this debt that is payable in the years thereafter is \$8,630,000. The District only issues bonds to fund capital improvements, new equipment or to refinance existing bonds at more advantageous interest rates.

Financial Condition

The District's financial condition has improved when compared to the previous years. The introduction of the Local Option Levy is providing liquid assets for ongoing operations at a level adequate to meet demand and continue to provide a reasonable level of unrestricted net assets. The District plans this rebuilding of liquid assets to continue into the year 2021-22.

The District is funded primarily through property taxes assessed within the District boundaries. For the tax assessment year of 2020-2021 this is represented as:

- \$.6783 per \$1,000 of assessed value for the permanent tax rate
- \$.84 per \$1,000 of assessed value via a five-year local option levy passed by voters in May 2017 and set to expire in 2021-2022. This levy was renewed by the voters in November 2021. The new levy rate is estimated to be \$1.22 per \$1,000 of assessed value and expires in 2027-2028.
- \$.3223 per \$1,000 of assessed value to be used for payments on the District's bonded debt, i.e. debt service, as approved by voters after October 6, 2001.
- During the year ended June 30, 2021, the District received significant grants for the administration of Covid-19 vaccinations and other emergency service-related programs.

Requests for Information

The financial report is designed to provide a general overview of North Lincoln Fire & Rescue District's finances. For all those with an interest in the District, questions concerning the information provided in this report, or requests for additional information should be addressed to: Fire Chief, North Lincoln Fire & Rescue District #1, PO Box 200, Lincoln City, Oregon 97367.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2021

ASSETS:

Cash and Investments	\$ 6,238,014
Property Taxes Receivable	215,786
Prepaid Expenses	33,848
OPEB RHIA Asset	17,553
Capital Assets, net	<u>10,357,651</u>
Total Assets	16,862,852

DEFERRED OUTFLOWS OF RESOURCES:

Pension Related Deferrals - PERS	2,219,636
OPEB Related Deferrals - RHIA	7,737
OPEB Related Deferrals - Health Insurance	<u>49,647</u>
Total Assets and Pension Related Deferrals	<u>19,139,872</u>

LIABILITIES

Accounts Payable	146,820
Payroll Benefit Liability	3,387
Accrued Interest Payable	48,984
Net Pension Liability - PERS	3,505,473
OPEB Liability - Health Insurance	69,653
Compensated Absences	136,486
Due Within One Year:	
Bonds Payable	549,956
Due In More than One Year:	
Bonds Payable	<u>8,736,390</u>
Total Liabilities	13,197,149

DEFERRED INFLOWS OF RESOURCES:

Pension Related Deferrals - PERS	164,310
OPEB Related Deferrals - RHIA	4,267
OPEB Related Deferrals - Health Insurance	<u>43</u>
Total Liabilities and Pension Related Deferrals	<u>13,365,769</u>

NET POSITION

Net Investment in Capital Assets	1,071,305
Restricted for debt service	206,067
Restricted for RHIA Asset	17,553
Unrestricted	<u>4,479,178</u>
Total Net Position	<u>\$ 5,774,103</u>

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Fire Services	\$ 6,903,329	\$ 349,791	\$ 735,960	\$ (5,817,578)
Total Governmental Activities	\$ 6,903,329	\$ 349,791	\$ 735,960	(5,817,578)
GENERAL REVENUES:				
Taxes - General				3,620,344
Taxes - Debt Service				779,696
Earnings on Investments				44,388
Sale of Surplus				18,375
Miscellaneous				66,986
Total General Revenues				4,529,789
Change in Net Position				(1,287,789)
Beginning Net Position (restated for GASB 75)				7,061,892
Ending Net Position				\$ 5,774,103

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS				
Cash and Investments	\$ 4,171,892	\$ 180,230	\$ 1,885,892	\$ 6,238,014
Taxes Receivable	172,829	42,957	-	215,786
Interfund Receivable	-	16,812	-	16,812
Prepaid Expenses	33,848	-	-	33,848
Total Assets	\$ 4,378,569	\$ 239,999	\$ 1,885,892	\$ 6,504,460
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 94,771	\$ -	\$ 52,049	\$ 146,820
Payroll Benefit Liability	3,387	-	-	3,387
Interfund Payable	16,812	-	-	16,812
Total Liabilities	114,970	-	52,049	167,019
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	130,727	33,932	-	164,659
Total Deferred Inflows of Resources	130,727	33,932	-	164,659
Fund Balances				
Non-Spendable - Prepaid Expenses	33,848	-	-	33,848
Restricted for -				
Debt Payments	-	206,067	-	206,067
Committed - Capital Projects	-	-	1,833,843	1,833,843
Unassigned	4,099,024	-	-	4,099,024
Total Fund Balances	4,132,872	206,067	1,833,843	6,172,782
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,378,569	\$ 239,999	\$ 1,885,892	\$ 6,504,460

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

June 30, 2021

Total Fund Balances - Governmental Funds	\$	6,172,782	
<p>The PERS net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>			
			(3,505,473)
<p>The OPEB RHIA income (expense) represents the changes in net OPEB asset (liability) from year to year due to changes in total OPEB liability and the fair value of OPEB plan net position available to pay OPEB benefits.</p>			
			17,553
<p>Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>			
Deferred Inflows - PERS			(164,310)
Deferred Outflows - PERS			2,219,636
Deferred Inflows - RHIA			(4,267)
Deferred Outflows - RHIA			7,737
Deferred Inflows - OPEB Health Insurance			(43)
Deferred Outflows - OPEB Health Insurance			49,647
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>			
Net Capital Assets			10,357,651
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.</p>			
OPEB - Health Insurance	\$	(69,653)	
Bonds Payable		(8,630,000)	
Premium on Bonds		(656,346)	(9,355,999)
<p>Accrued liabilities for compensated absences and interest payments made on long-term debt after</p>			
Compensated Absences	\$	(136,486)	
Accrued Interest		(48,984)	(185,470)
Deferred revenue related to property taxes			164,659
Net Position	\$		<u>5,774,103</u>

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 3,662,815	\$ 779,696	\$ -	\$ 4,442,511
Earnings on Investments	24,979	2,428	16,981	44,388
Contracted Services	84,672	-	-	84,672
Grants / Donations / Cost Sharing	735,960	-	-	735,960
Out of District	265,119	-	-	265,119
Miscellaneous	66,986	-	-	66,986
Total Revenues	<u>4,840,531</u>	<u>782,124</u>	<u>16,981</u>	<u>5,639,636</u>
EXPENDITURES:				
Fire Protection Services:				
Personal Services	2,727,411	-	44,318	2,771,729
Materials and Services	686,758	-	624,525	1,311,283
Capital Outlay	52,140	-	-	52,140
Debt Service	-	792,516	-	792,516
Total Expenditures	<u>3,466,309</u>	<u>792,516</u>	<u>668,843</u>	<u>4,927,668</u>
Excess of Revenues Over, (Under) Expenditures	1,374,222	(10,392)	(651,862)	711,968
Other Financing Sources, (Uses):				
Proceeds from Sale of Assets	18,375	-	-	18,375
Total Other Financing Sources, (Uses)	<u>18,375</u>	<u>-</u>	<u>-</u>	<u>18,375</u>
Net Change in Fund Balance	1,392,597	(10,392)	(651,862)	730,343
Beginning Fund Balance	<u>2,740,275</u>	<u>216,459</u>	<u>2,485,705</u>	<u>5,442,439</u>
Ending Fund Balance	<u>\$ 4,132,872</u>	<u>\$ 206,067</u>	<u>\$ 1,833,843</u>	<u>\$ 6,172,782</u>

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021**

Net Changes in Fund Balances - Governmental Funds	\$	730,343
<p>The PERS pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(749,848)
<p>The OPEB RHIA income (expense) represents the changes in net OPEB asset (liability) from year to year due to changes in total OPEB liability and the fair value of OPEB plan net position available to pay OPEB benefits.</p>		
		2,063
<p>Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Position but not the governmental funds.</p>		
Repayments of Debt	\$	435,000
Amortization of Premium		64,956
Change in Compensated Absences (Net)		<u>(45,252)</u>
		454,704
<p>Fixed asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which fixed asset additions exceeds depreciation.</p>		
Capital Asset, Additions	\$	(1,186,473)
Depreciation Expense		<u>(508,513)</u>
		(1,694,986)
<p>Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.</p>		
		(42,471)
Change in Accrued Interest.		<u>5,267</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(1,287,789)</u>

The accompanying notes are an integral part of this statement.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The basic financial statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. THE FINANCIAL REPORTING ENTITY

The District was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. The North Lincoln Fire & Rescue District #1 (the District) is a municipal corporation governed by an elected board. As required by accounting principles generally accepted in the United States of America, these basic financial statements present North Lincoln Fire & Rescue District #1 (the primary government) and any component units. Component units, as established by GASB Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. The District has no component units.

The District is an Oregon municipal corporation, exempt from federal and state income taxes. It was created in March of 1997 through the merger of two fire protection districts to provide fire protection and prevention services to a designated portion of Lincoln and Tillamook Counties. Power and authority is vested in the Board of Directors who have the authority to select a Fire Chief.

A District Volunteer Association was formed by the volunteer firefighters and individuals for the purpose of supporting the District's activities. The Board of Directors exercise no direct authority over this unincorporated group, and accordingly, its activities are included as other information in the financial statements but are not included in the basic financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The statement of net position and the statement of activities present information about the District as a whole and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net position includes and recognizes all long-term assets and receivables. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) (CONTINUED)

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to district patrons who purchase, use, or directly benefit from services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues and are reported instead as general revenue.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the District. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Major individual funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, pensions, OPEB costs, and claims and judgments are recorded only when payment is due.

Property taxes, charges for services, and interest are susceptible to accrual if received within 60 days of fiscal year end. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A minimum number of funds are maintained consistent with legal and managerial requirements.

Major governmental funds are reported as a separate column in the basic financial statements. Funds are organized as major funds or non-major funds within the statements. Emphasis is placed on major funds. A fund is considered major if it is the primary operating/general fund or it meets the minimum criteria for determination of major funds as set forth by GASB Statement No. 34; total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type; and total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined. The District can also choose to report any fund as a major fund.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

FUND ACCOUNTING (CONTINUED)

The District operates the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures of the District, except those required to be accounted for in another fund. The primary source of revenue is property taxes and the primary expenditures are for public safety.

DEBT SERVICE FUND

This fund accounts for the accumulation of resources for, and the payment of debt principal and interest for general obligation bonds. The primary source of revenue is property taxes.

CAPITAL PROJECTS FUND

This fund accounts for the accumulation of resources to remodel and improve the Bob Everest Station, and to replace emergency equipment. The primary source of revenue is General Obligation Bonds.

C. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and Statement of Net Position.

E. BUDGET

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Expenditures budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency.

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original appropriations. Expenditures of the various funds were within authorized appropriation levels.

F. CAPITAL ASSETS

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: 5 to 25 years for equipment, 40 years for buildings. Records reflecting the historical cost of capital assets for buildings prior to 2004 have not been kept by the District, and accordingly capital assets have not been completely reported or disclosed in accordance with accounting principles generally accepted in the United States of America.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, the District's statement of net position shows deferred outflows representing PERS pension, RHIA, and OPEB related deferrals.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, the first item, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Secondly, at June 30, 2021, there were deferred inflows reported in the statement of net position, representing PERS pension, RHIA, and OPEB related deferrals.

I. MANAGEMENT'S USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

J. COMPENSATED ABSENCES

Accumulated accrued compensated absences for vacation and personal leave benefits expected to be liquidated with expendable available resources are recorded as expenditures and a fund liability of the governmental fund that will pay for them. The amount of accumulated vacation and personal leave, including associated payroll taxes and retirement contributions, that is payable from future resources is recorded in the government-wide financial statements. Accumulated sick leave does not vest and is therefore, recorded when leave is taken.

K. NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

- Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, laws or regulations of other governments or constraints through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other assets not included in the other categories previously mentioned.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. NET POSITION (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

L. RETIREMENT PLANS

Substantially all of the employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. FUND EQUITY

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid expenses.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

**NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUND EQUITY (CONTINUED)

- Assigned represents amounts that are constrained by expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds, if any, would report any negative residual fund balance as unassigned.

The following order of spending regarding fund balance categories is used: restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

There were no assigned balances at year end.

O. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in banker’s acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities and Local Government Investment Pools.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Cash and investments at June 30, 2021 (recorded at cost) consisted of:

Deposits with Financial Institutions:

Demand Deposits	\$ 382,024
Petty Cash	200
Investments	<u>5,855,790</u>
 Total	 <u>\$ 6,238,014</u>

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly

At June 30, 2021, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in months)</u>		
		<u>Less than 3</u>	<u>3 - 18</u>	<u>18 - 59</u>
State Treasurer's Investment Pool	\$ 5,855,790	\$5,855,790	\$ -	\$ -
Total	<u>\$ 5,855,790</u>	<u>\$5,855,790</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2021 was \$418,367, \$250,000 of which was covered by federal depository (FDIC) insurance, and the remainder was covered by the Oregon Public Funds Collateralization Program (PFCP).

INTEREST RATE RISK

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date.

CREDIT RISK - DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. There is no deposit policy for custodial credit risk. At June 30, 2021 all cash deposits were fully insured or collateralized.

CREDIT RISK - INVESTMENTS

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

CONCENTRATION OF CREDIT RISK

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2021 are as follows:

	Balance Beginning of Year	Adjustments	Additions	Deletions	Balance End Of Year
Capital Assets					
Land & Land Improvements	303,925	-	-	-	303,925
Work-in-Progress	31,638	(31,638)	381,972	-	381,972
Total Non-Depreciable	335,563	(31,638)	381,972	-	685,897
Buildings & Improvements	11,508,656	(1,728,028)	59,666	-	9,840,294
Equipment	5,274,941	-	131,555	-	5,406,496
Total Depreciable	16,783,597	(1,728,028)	191,221	-	15,246,790
Accumulated Depreciation					
Buildings & Improvements	1,861,996	-	262,958	-	2,124,954
Equipment	3,204,527	-	245,555	-	3,450,082
Total	5,066,523	-	508,513	-	5,575,036
Total Net Capital Assets	<u>12,052,637</u>				<u>10,357,651</u>

As stated in Note 1, the District does not have records for some buildings it owns, therefore the schedule above does not include all capital assets the District owns.

Depreciation expense of \$508,513 is recorded as a program expense in the accompanying Statement of Activities for the year ended June 30, 2021.

The adjustments represent Federal Surplus Vehicles that were given to the District by the Federal Government. They were removed from the Capital Asset schedule because the District does not own them and the Federal Government can request them back at any time. An adjustment in prior year work-in-progress was removed because it was overstated in prior year financial statement and corrects the balance at the end of the year.

4. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$324,335, excluding amounts to fund employer specific liabilities. In addition approximately \$83,234 in employee contributions were paid or picked up by the District in fiscal 2021.

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$3,505,473 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .016 percent and .010 percent, respectively. Pension expense for the year ended June 30, 2021 was \$749,848.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 29.11%
- (2) OPSRP – 17.40%
- (3) OPSRP Police and Fire – 22.03%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 154,283	\$ -
Changes of assumptions	188,128	6,592
Net difference between projected and actual earnings on pension plan investments	412,198	-
Net changes in proportionate share	1,021,388	95,024
Differences between District contributions and proportionate share of contributions	119,304	62,694
Subtotal - Amortized Deferrals (below)	1,895,301	164,310
District contributions subsequent to measurement date	324,335	-
Deferred outflow (inflow) of resources	\$ 2,219,636	\$ 164,310

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$1,895,301 and deferred inflows of resources, (\$164,310), net to \$1,730,991 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	416,091
2022	474,713
2023	477,744
2024	315,835
2025	46,608
Thereafter	-
Total	\$ 1,730,991

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

**NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

**NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS CAFR; p. 102)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 5,205,338	\$ 3,505,473	\$ 2,080,057

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers.

At June 30, 2021, the District reported a net OPEB asset of \$17,553 for its proportionate share of the net OPEB asset. The OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .01 percent and .01 percent, respectively. OPEB income for the year ended June 30, 2021 was \$2,063.

Components of OPEB Expense/(Income):

Employer's Proportionate share of collective system OPEB Expense/(Income)	\$	(2,823)
Net amortization of employer-specific deferred amounts from:		
- Changes in proportionate share (per paragraph 64 of GASB 75)		1,308
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)		-
Employer's total OPEB Expense/(Income)	<u>\$</u>	<u>(1,515)</u>

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expended and actual experience	\$ -	\$ 1,794
Changes of assumptions	-	933
Net Difference between project and actual earning on investment	1,952	-
Changes in proportionate share	5,785	1,540
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Subtotal - Amortized Deferrals (below)	7,737	4,267
Contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	\$ 7,737	\$ 4,267

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$(7,737), and deferred inflows of resources, \$4,267, net to (\$3,470) and will be recognized in OPEB expense as follows:

Year ending June 30,	
2022	(114)
2023	2,246
2024	722
2025	616
2026	-
Thereafter	-
Total	3,470

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) (CONTINUED)

Sensitivity of the District’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
School's proportionate share of the net OPEB liability (asset)	\$ (14,171)	\$ (17,553)	\$ (20,445)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

Post-Employment Health Care Benefits

Plan Description:

The District maintains a single employer retiree benefit plan that provides post-employment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The plan does not issue separate basic financial statements.

The district’s post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retire claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District’s implicit employer contribution.

The District reports Other Postemployment Benefits under GASB Statement No. 75. This allows the District to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the basic financial statements.

Annual OPEB Cost and Total OPEB Liability - The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. For detailed information and a table showing the components of the District’s annual OPEB costs and liabilities, see page 36.

Total other Post Employment Benefit Liability

The District’s total pension liability and total other post-employment benefits were measured as of June 30, 2019 and determined by an actuarial valuation as of July 1, 2019.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (CONTINUED)

Actuarial Methods and Assumptions - The total other post-employment benefit liability in the July 1, 2019 actuarial valuation was calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. Discount Rate 3.50%, Inflation 2.50%, Salary Increases 3.5%, and Actuarial Cost Method is Entry Age Normal Level Percent of Pay. Mortality rates are based on RP 2014, Employee/Healthy Annuitant, sex distinct, generational. Turnover, Disability and Retirement rate assumptions are based off the valuation of benefits under Oregon PERS.

Changes in the Net Other Post-Employment Benefit Liability

Total OPEB Liability at June 30, 2020	\$	79,944
Changes for the year:		
Service Cost		11,350
Interest		2,735
Changes of assumptions or other input		2,132
Differences between expected and actual experience		-
Benefit Payments		(26,508)
Total OPEB Liability at June 30, 2021	\$	69,653

Sensitivity of the Total Post-Employment Benefit Liability to changes in the discount and trend rates

The following presents the Total OPEB Liability of the plan, calculated using the discount rate as of the measurement date, as well as what the Plan's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 71,868	\$ 69,653	\$ 67,625
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 67,123	\$ 69,653	\$ 72,753

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Difference between expected and actual experience	\$ -	\$ 20,090
Changes of assumptions or inputs	(43)	5,540
Subtotal - Amortized Deferrals (below)	(43)	25,630
Benefit Payments	-	24,017
Deferred outflow (inflow) of resources	\$ (43)	\$ 49,647

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$25,630, and deferred inflows of resources \$(43), net to \$25,587 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	3,019
2022	3,062
2023	3,062
2024	3,062
2025	3,062
Thereafter	10,320
Total	\$ 25,587

As of the July 1, 2019 valuation date, the following employees were covered by the benefit terms:

Number of Members	
Active	17
Retired Members	2
Total	19

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS

The changes in long-term obligations for the year ended June 30, 2021 is comprised of the following:

	<u>Outstanding</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
2016 GO Bond	2,820,000	-	310,000	2,510,000	340,000
2018 GO Bond	<u>6,245,000</u>	-	<u>125,000</u>	<u>6,120,000</u>	<u>145,000</u>
Total GO Bonds	9,065,000	-	435,000	8,630,000	485,000
2016 Bond Premium	299,168	-	42,738	256,430	42,738
2018 Bond Premium	<u>422,134</u>	-	<u>22,218</u>	<u>399,916</u>	<u>22,218</u>
Total Bond Premiums	<u>721,302</u>	-	<u>64,956</u>	<u>656,346</u>	<u>64,956</u>
 Total Long-term Obligations	 <u>\$ 9,786,302</u>	 <u>\$ -</u>	 <u>\$ 499,956</u>	 <u>\$ 9,286,346</u>	 <u>\$ 549,956</u>

Future debt service requirements for bond payable are as follows:

Year ended			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	485,000	340,150	825,150
2023	530,000	320,750	850,750
2024	580,000	299,550	879,550
2025	630,000	276,350	906,350
2026	690,000	251,150	941,150
2027-2031	1,935,000	952,350	2,887,350
2032-2036	2,105,000	600,000	2,705,000
2037-2039	<u>1,675,000</u>	<u>137,000</u>	<u>1,812,000</u>
	 <u>\$ 8,630,000</u>	 <u>\$ 3,177,300</u>	 <u>\$ 11,807,300</u>

Bonded debt obligations are payable from the General and Debt Service Fund.

8. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon Passed a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. Also, the state voters passed a second limit on property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

10. OTHER POST EMPLOYMENT BENEFITS

Volunteer Years of Service Award Plan

Plan Description – The District provides post-retirement benefits, in accordance with a single-employer plan (Length of Service Award Plan “LOSAP”), to volunteers who separate from the District, who have at least 2 years of service (vesting time). There is a 180-day waiting period between the separation date and the date the volunteer can submit the Cash Disbursement Form to withdraw funds. All volunteer members of the District are eligible to participate in this plan. The Plan (LOSAP) is a defined contribution plan offering retirement and death benefit proceeds to plan participants. Contributions are made quarterly and are made at the District’s discretion in accordance with a contribution formula. Currently, the formula allows for a contribution of up to \$900 per quarter of \$3,600 annually. The district reserves the right to terminate or amend the Plan at any time. In order to provide sufficient assets to pay then retirement or death benefits, the District has contracted with Oregon Fire District Directors Association (OFDDA) to administer the plan.

The District issues a monthly check to one former volunteer to who participated in a plan prior to the OFDDA plan. The district pays this person \$162.50 per month, and made payments for 2020-21 that did not exceed \$1,950. Current year expense and any future liability is deemed immaterial by management to the basic financial statements as the plan is closed to new participants and only one former volunteer is on the plan.

Deferred Compensation Plan

Plan Description – The District offers its employees a deferred compensation plan, permitting them to defer a portion of their salary into future years. It is administered by independent plan administrators through administrative service agreements. The District’s administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs the investing function. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The District does not pay social security on its employees who are covered under the PERS program. Instead the District offers a deferred compensation match.

Funding Policy – The District matches employee contributions up to the maximum of 3% of their salary or the amount of the employee deferral, whichever is less. The District’s contribution for the year ended June 30, 2021 was \$37,847.

The District works with separate investment providers who also provide third-party administration for all deferred compensation program funds. There is little administrative involvement required by the District and it does not have any liability for losses under the plan, but does have the duty to administer the plan in a prudent manner. In accordance with GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the plan’s assets are not included in the accompanying basic financial statements as all assets belong to the employees.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

The District purchases uniform items, training materials, and event supplies from Station 3 Promotional Graphics. This company is owned by a board member of the District. For the year ended June 30, 2021, the District paid \$405 to this company. There was no amount payable to Station 3 Promotional Graphics at June 30, 2021.

12. TAX ABATEMENTS

As of June 30, 2021, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the counties as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the counties for the year ended June 30, 2021 for any program covered under GASB 77.

13. DUE FROM/DUE TO

The composition of due to/due from between funds for the year then end is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 16,812
Debt Service Fund	16,812	-
Total	<u>\$ 16,812</u>	<u>\$ 16,812</u>

14. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the impact of economic activity is not determinable.

15. RESTATEMENT OF NET POSITION

Due to the latest actuarial valuation of the District's OPEB-RHIA benefits for GASB Statement No. 75, a restatement of the prior year net position was required to record the RHIA asset at the prior measurement date. The Restatement is as follows:

Net Position - Beginning as previously reported	\$ 7,042,932
Change in June 30, 2020 RHIA Asset	<u>18,960</u>
Net Position - Beginning as restated	<u>\$ 7,061,892</u>

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.016 %	\$ 3,505,473	\$ 1,334,897	262.6 %	75.80 %
2020	0.010 %	\$ 1,773,480	\$ 1,373,198	129.1 %	80.2 %
2019	0.006	846,334	1,000,992	84.5	82.1
2018	0.008	1,024,500	598,131	171.3	83.1
2017	0.008	1,198,672	630,325	190.2	80.5
2016	0.008	456,726	575,955	79.3	91.9
2015	0.006	(124,830)	533,052	(23.4)	103.6
2014	0.006	281,034	466,395	60.3	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 324,335	\$ 324,335	\$ -	\$ 1,616,877	20.1 %
2020	316,672	316,672	-	1,334,897	23.7
2019	328,370	328,370	-	1,373,198	23.9
2018	222,198	222,198	-	1,000,992	22.2
2017	98,274	98,274	-	598,131	16.4
2016	134,052	134,052	-	630,325	21.3
2015	114,231	114,231	-	575,955	19.8
2014	115,316	115,316	-	533,052	21.6

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

OPEB-RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.009 %	\$ 17,553	\$ 1,334,897	1.3 %	150.10 %
2020	0.014	27,611	\$ 1,373,198	2.0	144.4
2019	0.009	10,320	1,000,992	1.0	124.0
2018	0.005	1,936	598,131	0.3	108.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	N/A	N/A	N/A	\$ 1,616,877	N/A
2020	N/A	N/A	N/A	1,334,897	N/A
2019	N/A	N/A	N/A	1,373,198	N/A
2018	N/A	N/A	N/A	1,000,992	N/A

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

All statutorily required contributions were made and are included with PERS contributions. (See p. 34)

NORTH LINCOLN FIRE AND RESCUE
LINCOLN COUNTY, OREGON
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2021

OPEB: (HEALTH INSURANCE)
SCHEDULE OF FUNDING PROGRESS

Year Ended June, 30	OPEB Liability Beginning of Year	Service Cost	Liability Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	OPEB Liability End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021	\$ 79,944	\$ 11,350	\$ 2,735	\$ -	\$ 2,132	\$ (26,508)	\$ 69,653	N/A	* N/A
2020	\$ 56,837	\$ 2,337	\$ 2,084	\$ -	\$ 29,415	\$ (10,729)	\$ 79,944	N/A	* N/A
2019	N/A	N/A	N/A	-	N/A	N/A	56,837	N/A	N/A

The above table presents the most recent calculation of the post-retirement health insurance under GASB 75 and it provides information about the total plan. This Schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is

* Information not available

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ACTUAL AND BUDGET

For the Year Ended June 30, 2021

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	\$ 3,508,171	\$ 3,508,171	\$ 3,662,815	\$ 154,644
Earnings on Investments	30,000	30,000	24,979	(5,021)
Contracted Services	96,000	96,000	84,672	(11,328)
Sale of Surplus	15,000	15,000	18,375	3,375
Grants / Donations / Cost Sharing	169,000	808,107	735,960	(72,147)
Out of District	63,000	287,777	265,119	(22,658)
Miscellaneous	51,000	90,867	66,986	(23,881)
Total Revenue	<u>3,932,171</u>	<u>4,835,922</u>	<u>4,858,906</u>	<u>22,984</u>
EXPENDITURES:				
Personnel Services	3,009,706	3,713,132 (1)	2,727,411	985,721
Materials and Services	753,170	902,981 (1)	686,758	216,223
Capital Outlay	220,000	270,514 (1)	52,140	218,374
Contingency	250,000	250,000 (1)	-	250,000
Total Expenditures	<u>4,232,876</u>	<u>5,136,627</u>	<u>3,466,309</u>	<u>1,670,318</u>
Net Change in Fund Balance	(300,705)	(300,705)	1,392,597	1,693,302
Beginning Fund Balance	<u>1,688,220</u>	<u>1,688,220</u>	<u>2,740,275</u>	<u>1,052,055</u>
Ending Fund Balance	<u>\$ 1,387,515</u>	<u>\$ 1,387,515</u>	<u>\$ 4,132,872</u>	<u>\$ 2,745,357</u>

(1) Appropriation Level

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2021

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	\$ 763,300	\$ 763,300	\$ 779,696	\$ 16,396
Earnings on Investments	3,325	3,325	2,428	(897)
Total Revenue	<u>766,625</u>	<u>766,625</u>	<u>782,124</u>	<u>15,499</u>
EXPENDITURES:				
Debt Service:				
Principal	435,000	435,000	434,995	5
Interest	<u>357,550</u>	<u>357,550</u>	<u>357,521</u>	<u>29</u>
Total Expenditures	<u>792,550</u>	<u>792,550 (1)</u>	<u>792,516</u>	<u>34</u>
Net Change in Fund Balance	(25,925)	(25,925)	(10,392)	15,533
Beginning Fund Balance	<u>196,000</u>	<u>196,000</u>	<u>216,459</u>	<u>20,459</u>
Ending Fund Balance	<u>\$ 170,075</u>	<u>\$ 170,075</u>	<u>\$ 206,067</u>	<u>\$ 35,992</u>

(1) Appropriation Level

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET

For the Year Ended June 30, 2021

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Earnings on investments	15,000	15,000	16,981	1,981
Total Revenue	15,000	15,000	16,981	1,981
EXPENDITURES:				
Capital Outlay	2,473,563	2,473,563 (1)	668,843	1,804,720
Total Expenditures	2,473,563	2,473,563	668,843	1,804,720
Net Change in Fund Balance	(2,458,563)	(2,458,563)	(651,862)	1,806,701
Beginning Fund Balance	2,458,563	2,458,563	2,485,705	27,142
Ending Fund Balance	\$ -	\$ -	\$ 1,833,843	\$ 1,833,843

(1) Appropriation Level

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED

For the Year Ended June 30, 2021

GENERAL PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2021
Current:						
2020-2021	\$ 3,662,925	\$ 94,934	\$ (10,495)	\$ 1,726	\$ 3,484,483	\$ 74,739
Prior Years:						
2019-2020	97,543	(75)	(6,432)	3,687	54,503	40,370
2018-2019	44,098	(52)	(5,717)	3,756	19,679	22,510
2017-2018	16,705	(2)	(3,719)	3,516	12,556	3,948
2016-2017	3,544	-	(1,086)	966	2,905	519
Prior	32,446	-	(1,583)	1,815	1,935	30,743
Total Prior	194,336	(129)	(18,537)	13,740	91,578	98,090
Total	\$ 3,857,261	\$ 94,805	\$ (29,032)	\$ 15,466	\$ 3,576,061	\$ 172,829

RECONCILIATION TO REVENUES:

	Total
Cash Collections by County Treasurers Above	\$ 3,576,061
June 30, 2020	(24,221)
June 30, 2021	42,102
Other Taxes	26,402
Total Receipts	\$ 3,620,344

NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED

For the Year Ended June 30, 2021

DEBT SERVICE PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2021
Current:						
2020-2021	\$ 787,565	\$ 20,412	\$ (2,256)	\$ 371	\$ 749,198	\$ 16,070
Prior Years:						
2019-2020	24,091	(19)	(1,590)	911	13,461	9,970
2018-2019	10,259	(12)	(1,330)	874	4,578	5,237
2017-2018	1,473	-	(328)	310	1,107	348
2016-2017	812	-	(249)	221	665	119
Prior	11,890	-	(633)	662	706	11,213
Total Prior	48,525	(31)	(4,130)	2,978	20,517	26,887
Total	\$ 836,090	\$ 20,381	\$ (6,386)	\$ 3,349	\$ 769,715	\$ 42,957

RECONCILIATION TO REVENUES:

	Total
Cash Collections by County Treasurers Above	\$ 769,715
June 30, 2020	(11,510)
June 30, 2021	9,025
Other Taxes	12,466
Total Receipts	\$ 779,696

NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

OTHER INFORMATION

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1

LINCOLN COUNTY, OREGON

SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2021

VOLUNTEER FIRE ASSOCIATION

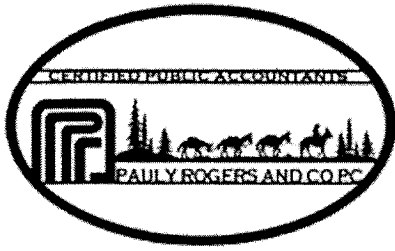
	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
CASH AND INVESTMENTS	\$ 60,515	\$ 29,639	\$ 22,169	\$ 67,985
DUE TO VOLUNTEER FIRE ASSOCIATION	\$ 60,515	\$ 29,639	\$ 22,169	\$ 67,985
 ADDITIONS:				
Donations	\$ 13,499			
Fundraising	535			
Interest	5			
Other	15,600			
Total Additions	\$ 29,639			
 DEDUCTIONS:				
Awards Dinner	\$ -			
Equipment	10,266			
Food	262			
Beverages	2,701			
Party Events	900			
Christmas Toy Drive	8,040			
Total Deductions	\$ 22,169			
 Cash Detail:				
Checking - Operations	\$ 9,401			
Checking - Reserve	1,058			
Money Market - Food Drive Fund	256			
Money Market - Operations	38,107			
Money Market - Toy Drive Fund	19,063			
Petty Cash	100			
Total Cash	\$ 67,985			

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NORTH LINCOLN FIRE & RESCUE DISTRICT #1
LINCOLN COUNTY, OREGON

AUDITORS' COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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December 7, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the North Lincoln Fire & Rescue District #1 as of and for the year ended June 30, 2021, and have issued our report thereon dated December 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

We noted a matter involving the internal control structure and its operation that we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated December 7, 2021.

This report is intended solely for the information and use of the Board of Directors and management of North Lincoln Fire & Rescue District #1 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.